

**Batus Industries**

Louisville, Ky.

RANK  
**44**

	1985	1984	% chg
Worldwide Sales	5,087	4,876	4.3
Net income	164	314	(47.8)
U.S. advertising	175	175	0.1

  

	1985	1984	% chg
Division sales	2,373	2,264	0.4
Tobacco	2,115	2,374	(10.5)
Retail	638	572	11.7
Paper			

Batus Inc. announced in January that it would sell six of its retailing businesses, including New York-based Gimbel's Department Stores, or 40% of its U.S. retail business. By mid-July, agreements had been reached on the sale of 77 of 93 stores.

The divestiture is a result of low profits and incremental growth in recent years. Operating income from retailing rose only 2% in 1985 over the previous year, and only 0.9% in 1984 over 1983. As a result of the discontinued retail operations, Batus, the U.S. subsidiary of London-based B.A.T. Industries plc, took a \$150 million loss while recording \$164 million in net income in 1985, a 47.8% decrease from 1984.

Batus decreased the amount it spent on magazine advertising in 1985 by

about \$13 million. However, it increased its spending on outdoor advertising by about \$10 million, and slightly increased spending on newspaper and spot radio, to bring its total measured advertising outlays in line with 1984.

The largest share of Batus' advertising budget is allocated to its tobacco group, Brown & Williamson Tobacco Corp., which received \$52.8 million in measured advertising for its tobacco products last year, down 10%, according to Leading National Advertisers. The expenditure counted for 54% of total measured ad spending at Batus.

B&W's share of the total domestic cigarette market increased in 1985 from 11.3% to 11.8%, due mostly to its 26.4% share of the popular price-value market. B&W is in second place in this segment of the market, behind leader GrandMet's Liggett & Myers Tobacco Co., Louisville, and slightly ahead of RJR/Nabisco.

With the introduction in 1985 of its Richland brand, B&W entered the value-for-money segment of the tobacco industry. Richland was B&W's first new product introduction since 1981. Richland offers smokers 25 cigarettes for the same price as regular 20 packs. B&W spent more than \$12.5 million on measured advertising for Richland in 1985, second only to its flagship brand, Kool.

The company scored a marketing coup in 1985 when it reached an agreement with Generic Products Co., Fort Worth, Tex., to make its GPC-approved cigarettes. Richland and the generic labels were the major factors contributing to B&W's over-all share increase.

Although B&W's share of the total market increased in 1985—one of only three companies to post gains—the increase was not aided by the performance of B&W's full-priced brands. B&W's flagship, Kool, the fourth largest selling cigarette brand in the U.S., achieved a 6.7% market share last year, compared with a 7% share in 1984. The company increased measured spending 11.5% to \$29 million to advertise the Kool line, mostly in magazines and outdoor advertising. Kool King Size 25s and Kool Milds 25s also were introduced in selected markets during 1985.

B&W's ultra-low tar cigarette, Barclay, which has less than 1% of the market, continued its market decline in 1985. As a result, B&W began testing a reformulated Barclay. Although the company says it hopes the new Barclay will be a success, it cut ad spending for the cigarette in half last year, to only \$4.4 million.

The tobacco company overhauled its advertising agency lineup early this year, much as it did in 1984. B&W dropped Doyle Dane Bernbach as its agency for Kool and assigned creative responsibilities to Ogilvy & Mather, Chicago, which already handled media buying and planning for all B&W brands, including Kool.

In restructuring its retail operations, Batus hoped to concentrate on stores it believed had the greatest potential for growth and profitability. Saks Fifth Avenue, which B.A.T. bought from the Gimbel family in 1973, saw increased operating income last year of 7% on sales that increased 6%.

Analysts say Saks has rebounded from a period when it failed to keep up with its major competitors in pricing and fashion. Saks opened a new store in San Antonio, Tex., in 1985 and opened replacement stores in Southampton, N.Y., and Palm Springs, Cal. The store also is renovating and modernizing its facilities. Batus spent nearly \$1.5 million on measured advertising for Saks in 1985, down 35% from 1984.

Batus' Marshall Field's stores saw an improvement in sales of 8% and in operating profits of 6%. Measured ad spending remained relatively unchanged at \$2.3 million. Marshall Field's is the major retailer in the Chicago area, where most of its 21 stores are located. Analysts say that until Batus bought Field's in 1982, the store had failed to compete with specialty

stores that had entered the Chicago market.

Batus set out to modernize its facilities and seek professional management, tasks that analysts say have been completed and are the key to the store's new success.

Batus is also retaining its Ivy's stores, in the Carolinas and Florida; its Breuners stores in Arizona, California and Nevada, and its Thimbles stores in the Midwest and the Northeast.

Batus' three Crescent stores, all in Spokane, Wash., and its 15 Frederick & Nelson stores, in Washington and Oregon, have been sold to a group of investors in Seattle. They will continue to operate as retail stores under their present names. Additionally, Batus' 39 Kohl's stores, all in the Midwest, have been sold and will continue to be operated as they are.

Of Gimbel's nine Midwest stores, five have been transferred to Marshall Field's. Batus is discussing the sale of the other four with possible buyers, according to a Batus spokesman. In Pittsburgh, four have been sold to May Department Stores and negotiations with buyers are under way for three units. Ten Gimbel's stores in the East have been sold to Allied Stores Corp. and one to Associated Dry Goods. Eight others, including Gimbel's New York flagship, still are being negotiated.

Also as a part of Batus' retail restructuring, it announced that its chairman and chief executive, Arnold Aronson, would resign after a transition period. Also leaving would be M. Ronald Ruskin, Batus retail president.

**ADVERTISING EXPENDITURES**

	1985	1984
Magazine	\$23,342	\$36,216
Newspaper	28,425	25,317
Newsp. supp.	11,705	13,103
Spot tv	10,343	11,480
Spot radio	2,007	0
Outdoor	22,560	12,089
Network cable	0	911
Total measured	98,420	98,296
Unmeasured	77,000	76,903
Total	175,420	175,199

**BATUS INC.**

2000 Citizens Plaza

Louisville, Ky. 40202

(502) 581-8000

**APPLETON PAPERS INC.**

Appleton, Wis.

Corporate Personnel

John W. Turner, chmn-cco

Dale H. Schumacker, president-cco  
A. Sherman Frinak, exec admin asst to chma**Marketing Personnel**Daniel W. McIntosh, vp-mktg & sales  
Robert D. Seuss, dir-pr & corp communications

R.P. Sherrer, dir-mktg

**Advertising Agencies**William Eisner & Associates, Hales Corner, Wis.—Tom Sarashy, acct exec.  
Yelson Design Co., Appleton, Wis.—Jeff Yelson, acct exec.**JOHN BREUNER CO.**

San Ramon, Cal.

**Corporate Personnel**

Arnold Zetzer, chma-cco

**Marketing Personnel**

Jeannine Vaughan, dir-mktg

George McDaniel, media dir.

**Advertising Agency**

(In-house) Jeannine Vaughan, dir-adv.

**BROWN & WILLIAMSON TOBACCO CO.**

Louisville, Ky.

**Marketing Personnel**

Thomas E. Whitcraft Jr., vp-corp mktg

Lincoln R. Lewis Jr., dir-established brands

Robert J. Miller, group prod dir

James L. Hendricks, group prod dir

Kenneth M. Burk, sr brand mgr

Carol L. Lornicka, brand mgr

Susan H. Trebickock, brand mgr

Jane G. Curtis, brand assoc

Diane E. Seagle, brand assoc

M. Carrie Canavan, brand assoc

Lee D. Johnson, brand assoc

Gail Lytle-Green, brand assoc

Frank L. Criss, merch materials mgr

Fran Canary, mgr-media services

Nancy S. Spriggs, mgr-promo services

Cathy L. Barlow, special promos mgr

Linda L. Greenwell, promo couponing

super

Donna G. Fryman, coupon redemption

super

I. David MacDonald, dir-int brands

John B. Judd, group prod dir

Nancy G. Naughton, brand mgr

Jan K. Tharaldson, brand mgr

Glenn D. Raphael, dir-mkt rch

Jim F. Wilhelm, group rch mgr

Larry E. Gravelly, group rch mgr

Robert J. Kopp, group forecasting mgr

Hal T. Hughes, mgr-industry analysis

Denise L. Anderson, brand assoc

Nick J. Wilkerson, brand assoc

Alice L. Kirby, sr analyst-forecasting

Bruce R. Pellet, sr mktg rch analyst

Fran L. Wilke, mkt rch analyst

Debbie A. Beatty, mkt rch analyst

Carolyn B. Pugh, mkt rch analyst

Bonnie L. McCafferty, dir-new prod

R. Dean Sharp, group prod dir

Paul S. Wessel, group prod dir  
Nora E. Steinschulte, sr brand mgr  
Suzanne D. Zolper, brand mgr  
Karen J. Broutz, brand assoc  
Rob D. Stowe, brand assoc  
Robert M. Grimes, brand assoc  
Lanny W. Butler, vp-sales  
Charlie C. Middleton, dir-sales devel & admin

Glean A. Korffage, dir-trade devel

**Advertising Agencies**

Geor. DuBois, New York—Richard cig-

aret—Brian Sherwood, acct vp-act mgr;

Mike Garcia, vp-act super; Sergio Ku-

hansky, acct exec.

Ogilvy &amp; Mather, Chicago—Barclay,

Kool (US and intl); Kim (US only); Kent,

Lucky Strike (intl only); media planning and

buying for all brands—Rod Parker, sr vp-

mgr; Margo Conant, acct super.

**IVEY'S CAROLINA**

Charlotte, N.C.

**Corporate Personnel**

James H. Shaw, president-cco

**Marketing Personnel**

Richard L. Schwab, sr vp-sales promo

**Advertising Agency**

(In-house) Richard L. Schwab, sr vp-

sales promo.

**IVEY'S FLORIDA**

Orlando, Fla.

**Marketing Personnel**

Mason Allen, sr vp-merch

Raymond Cole, sr vp-dir adv.

**Advertising Agency**

(In-house)—Raymond Cole, sr vp-dir

adv.

**MARSHALL FIELD'S**

Chicago, Ill.

**Corporate Personnel**

Philip B. Miller, coo

Burnett Donoho, president

**Marketing Personnel**

Katharine Davis, vp-mktg

Christina Johnson, vp-direct response

Rick Wancsik, sales promo

**Advertising Agency**

(In-house) Creative Field's

**SAKS FIFTH AVENUE**

New York, N.Y.

**Marketing Personnel**

Paul LeBlang, sr vp-dir mktg

Helen O'Hagan, vp-pr

William Derte, sr vp-sales promo &amp; adv

Becky Wong, creative dir

Linda Gaunt, dir fashion publicity &amp; pr mgr

**Advertising Agency**

(In-house)—Ross Bonanno, production

mgr.

**THIMBLES**

New York

**Corporate Personnel**

Jay H. Baker, president-cco

**Marketing Personnel**

Milton Beaver, vp-mktg &amp; adv

Girel Costello, creative dir, visual adv

John Russoso, creative dir, copy

Joseph Kassa, media dir

**Advertising Agency**

(In-house).

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